

# **Theewaterskloof Municipality**



## **INDIGENT POLICY**

Draft policy 2017/2018

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## **1. Aim of the policy**

- 1.1 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realised, given that many of the residents can simply not afford the cost of full provision of services.

## **2. Background and concept**

- 2.1 Local government in South Africa has undergone an unprecedented change. This includes socio-economic issues in the wake of socio-political reform. The Municipal Systems Act, the Municipal Structures Act, the Municipal Finance Management Act (MFMA), and other legislation created a new dispensation for local government in South Africa.
- 2.2 Increased revenue forms the base for effective service delivery, infrastructure development, and economic growth. It also contributes to poverty alleviation, the eradication of unemployment, and the redistribution of resources including economic empowerment.
- 2.3 In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele.

Service delivery is one of Government's eight priorities as set out in the White Paper on the Transformation of the Public Service. To this effect, government has launched an initiative in South Africa under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public services. Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of delivering enhanced public services. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

## **3. Structure of the policy document**

- 3.1 This policy is divided into (2) chapters, excluding the aim, background and the structure of the document. The first chapter provides an overview of the indigent policy principles. The second chapter outlines the indigent policy.

# Chapter 1: Indigent policy principles

## 1. Introduction

- 1.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, a municipal council (hereinafter referred to as *the council*) must adopt and implement a tariff policy. In terms of section 74(i) of the Act in adopting a tariff policy, the council should at least take into consideration the extent of subsidisation of tariffs for poor households. Arising from the above, the council needs to approve an indigent support policy. The indigent support policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.

## 2. Objective

- 2.1 The objective of the indigent support policy is to ensure the following
- 2.1.1 the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the council; and
  - 2.1.2 to provide procedures and guidelines for the subsidisation of basic service(s) charges to its indigent households, using the council's budgetary provisions received from central government in accordance with prescribed policy guidelines.
- 2.2 The council also recognises that many of the residents can simply not afford the cost of full provision and for this reason the council will endeavour to ensure affordability through
- 2.2.1 setting tariffs in terms of the councils tariff policy, which will balance the economic viability of continued service delivery; and
  - 2.2.2 determining appropriate service levels.

## 3. Purpose of the indigent policy

- 3.1 The purpose of the policy is to consider the socio-economic and other conditions presently prevalent in South Africa, such as the level of unemployment and poverty. The policy aims to address this through the application of principles for services rendered to members of society who cannot afford to pay.
- 3.2 The council accepts that it is responsible for the rendering of services in terms of schedules 4 and 5 of the constitution as well as other services which may be delegated by national and provincial government. The council endeavours to render a basic level of service necessary to ensure an acceptable and reasonable quality of life and which takes into consideration health and environmental concerns. None of the residents

should fall below the minimum level of services.

## **4. Responsibility/accountability**

- 4.1 Section 62 of the Municipal Finance Management Act, 2003 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. This officer must, for this purpose, take all reasonable steps to ensure that the municipality has and implements an indigent policy.
- 4.2 Should an accounting officer and his/her designate experience undue interference or influence by a municipality or councillor that prohibits the execution of his/her responsibilities with regard to this policy, he/she should report this to the relevant MEC.
- 4.3 In terms of section 173 of the MFMA, the accounting officer is guilty of an offence if that accounting officer contravenes or fails to comply with credit control and debt collection provisions in terms of the MFMA.
- 4.4 A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years, or to an appropriate fine determined in terms of applicable legislation.
- 4.5 The council has the overall responsibility for laying down the indigent support policy.

## **5. Policy principles**

- 5.1 The following should be the guiding principles in implementing the indigent support policy
  - 5.1.1 The indigent support policy is in accordance with the Local Government Municipal System Act, 2000 and other amending or related legislation.
  - 5.1.2 Relief will be provided by the council to registered residential consumers (households) of services.
  - 5.1.3 The council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households. There should be no differentiation whatsoever of any residential consumers. It should only differentiate in the level of service rendered.
  - 5.1.4 The subsidy for the minimum service level should not result in a massive bureaucratic administration that would not be cost effective to implement.
  - 5.1.5 Differentiation must be made between those households who cannot afford to pay for basic services and those who simply do not want to pay for these services.

- 5.1.6 The payment of services should be affordable to the indigent.
- 5.1.7 It should be based on a predetermined period or financial year.
- 5.1.8 The indigent support policy will prevail as long as funds are available.
- 5.1.9 The council may review and amend the qualification for indigent support and therefore the provision of continued basic services annually eg. 6 kl to Indigent only
- 5.1.10 The collective or joint gross income of the household will be taken into account.
- 5.1.11 The household income must be correctly reflected on the application form requesting indigent support.
- 5.1.12 The residents must formally apply on the prescribed application forms for the relief. The application forms will be evaluated and, if successful, the resident(s) will qualify for the indigent support according to the prescribed criteria/principles laid down by the council. An effective and efficient evaluation system is imperative to obtain the outcome within a reasonable time determined by the council subject to Ward Councillor / Ward Committee verification.
- 5.1.13 If a person is found to be indigent, he/she should be registered on a database linked to the debtors system.
- 5.1.14 The onus is on the recipient to inform the council of any change in his/her status or personal household circumstances.
- 5.1.15 Disciplinary measures decided by the council, should be imposed on people who misuse the system and provide incorrect information.
- 5.1.16 An approved community communications programme, embodying the principles of transparency and fairness, is to be implemented in respect of the indigent support programme.
- 5.1.17 Facilitation of skills training and other education related programmes should be attempted to develop the indigent to become self-sufficient and thereby reduce the rate of indigence.
- 5.1.18 Temporary work-in lieu of account payment may be considered for indigent households.
- 5.1.19 Any other principle decided by the council.
- 5.1.20 Water supply to Indigent must be restricted to 6 kl per month.

## **Chapter 2: Indigent policy**

### **1. Qualifying as an indigent**

To qualify applicants should meet all the following criteria:

- 1.1 A household where the combined or joint gross income of all occupants/residents/dependants, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee). The “Spouse support/Care Grant” or “Child support Grant” should not be added to the Indigent Qualifying income threshold.

The following grants should not be added to the qualifying income threshold:

- (a) grant for older persons;
  - (b) disability grant;
  - (c) war veterans grant;
  - (d) care dependency grant;
  - (e) foster child grant;
  - (f) child support grant;
  - (g) grant-in-aid;
  - (h) social relief of distress
- 1.2 Only registered residential consumers of services delivered by council.
  - 1.3 Households who formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles determined by the council.
  - 1.4 Household/occupants/residents/dependants who do not own more than one property.
  - 1.5 Households who are not receiving significant benefits or regular monetary payments.
  - 1.6 Beneficiaries of an immovable property and where the property is not yet transfer into the beneficiaries’ name and who lives on the property.
  - 1.7 Owners or lessees of property who reside on the premises. (Lessees must submit a lease contract.)

- 1.8 In cases where the owner/s of the house (eg. mother and father) have passed away and the occupant children are indigent, they should qualify for the subsidy, provided that an affidavit is provided that they are the children/relatives and legitimate occupants of the house along with certified copies of the Death Certificate/s.
- 1.9 An account should be opened in the name of the tenant, provided that the owner gives written consent that the tenant is the occupant, the amount of monthly rental payable and a further undertaking that the owner must inform council in writing when the tenant vacates the house in order to terminate the subsidy. If not terminated, the owner will be held liable for any undue subsidies granted to him (owner) or a new tenant. A separate group code must be opened for "Tenants Indigents". The owner must supply council with a lease contract where the lessee is an indigent person. If prepaid meter is installed at low-cost housing schemes, no connection fees for water and electricity are payable. Due to the indigent status that might change no deposit refund is allowed. Should the indigent status changes a deposit may become payable which will be calculated on services provided.
- 1.10 Secondary households on a premises where water and refuse amounts are rendered may apply separately for Indigent Subsidy.
- 1.11 Seasonal workers will qualify for this subsidy while not employed.
- 1.12 An occupier of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents may qualify for Indigent Subsidy.
- 1.13 The qualification criteria for old age homes in order to receive indigent assistance on water, refuse and sewerage services are as follows:
- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
  - ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - vi) A 5% indigent assistance when between 0% and 10% of the residence



- within the old age home receives less than twice the monthly grant for elderly persons; and
- vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

## **2. Basic services offered to the indigent**

- 2.1 Subject to funds being allocated and the relevant criteria being adhered to, indigent support is to be provided for the following services

- 2.1.1 sewerage
- 2.1.2 refuse
- 2.1.3 water
- 2.1.4 electricity; and
- 2.1.5 property rates.

## **3. Period for qualification**

The period for implementation of the indigent policy is to be determined by the council during its budgetary process.

Indigent Households must inform Council of their status when it has changed.

The onus is on the indigents to ensure that they visit council's offices annually be end of their 12 months period of subsidy as to declare their indigence status, or to engage the Ward Committees / Ward Councillor to review the status.

Indigents receiving a grant for older persons must confirm existence status annually.

Notification will be sent to every individual expired indigent consumer two months before their subsidy expires.

## **4. Extent of support**

- 4.1 The extent of the monthly support will be determined by the council's budgetary provisions and/or the amount received from central government. The relevant services include

- 4.1.1 water
- 4.1.2 refuse collection
- 4.1.3 electricity; and
- 4.1.4 sewerage

- 4.2 the council will assess the level of support annually during the annual budget compilation and

- 4.3 the level of indigent support shall not exceed the monthly billings to the account.
- 4.4 Water leakages at indigent households premises will be fixed by Council at no cost provided that leaks is reported (completing of a leaks register at the local town office)
- 4.5 Sewerage blockages may be effected free of charge at indigent households.
- 4.6 If a prepaid / Smart (inserted) meter is installed at low-cost housing schemes, no deposit or connection fees for water and electricity are payable (inserted) for the first installation.
- 4.7 The qualification criteria for old age homes in order to receive indigent assistance on Water, Refuse and Sewerage services are as follows:
- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
  - ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - vi) A 5% indigent assistance when between 0% and 10% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
  - vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

## **5. Distribution of Indigent support**

- 5.1 Relief will only be distributed to those residents who apply and qualify.
- 5.2 The relief must be significant so as to relieve the recipient of the financial hardship for a specific period.

- 5.3 All registered consumers will be charged the determined economical tariff or rate.
- 5.4 The recipient's monthly account will be credited, on a monthly basis, with the amount in accordance to the indigent level as was determined by the council.
- 5.5 Relief will be applied for a period of 12(twelve) months from date of implementation or until such date as determined by the council.
- 5.6 The household must apply for continuation of the relief depending on his/her circumstances before the 12 month period of initial approval has lapsed. Notices to the renewal or continuation will be sent to the individual existing indigent two months before the date their indigent subsidy is due to lapse.

## **6. Application for support**

- 6.1 Applications for relief must be made on the prescribed forms. The applicant must comply with all the necessary requirements.
- 6.2 The application form is to contain, inter alia, the following important information
  - 6.2.1 details of the account holder
  - 6.2.2 proof of total household income (income as defined by SARS as well as pension grant)
  - 6.2.3 identification documents;
  - 6.2.4 certificate from bank may be requested; and
  - 6.2.5 number and names of dependants (proof may be requested).
  - 6.2.6 Uncompleted forms will not be accepted.
- 6.3 The onus to re-apply for continued relief or to submit proof of change in circumstances rests on the household at all times.

## **7. Control systems for indigents**

- 7.1 The Municipal Manager or his/her nominee should administer the indigent support programme.
- 7.2 Applications to be approved by the Town Manager and presented to the Ward Councillor and Ward Committee for scrutiny.
- 7.3 The status and details of the applicants and respective beneficiaries are to be submitted to the council for noting periodically.
- 7.4 For the purposes of transparency, the following key information of the recipient of indigent support should be available on request from the Ward Councillor

- 7.4.1 names of households receiving relief for the prescribed period
  - 7.4.2 stand number where services are rendered to the recipients
  - 7.4.3 total household income; and
  - 7.4.4 number of dependants residing on the property.
- 7.6 Prepaid / Smart water meters or flow restrictors may be installed at approved indigent household to ensure that the monthly free 6kl water consumption is not exceeded.  
The prescribe application form must be signed to indicated the preference on the amount of water flow per day to be restricted.  
Low cost / RDP / subsidised houses may be fitted with prepaid / Smart water meters.
- 7.7 Prepaid electricity meters may be installed to replace conventional credit meters at approved indigent households.
- 7.8 Any other measure decided by the council.

## **8. Action against malpractices**

- 8.1 The council may refer queries to the Municipal Manager, who may take the following action
  - 8.1.1 request the resident to provide full proof of his/her banking account and income details as well as proof of pension registration
  - 8.1.2 direct inquiry at the recipient's residence
  - 8.1.3 request a social welfare worker's report on the household; and
  - 8.1.4 any other action decided by the council.
- 8.2 If it is established that incorrect information was furnished in obtaining relief the following action(s) are to be taken
  - 8.2.1 suspend or stop the relief immediately
  - 8.2.2 recover the amount of relief furnished from the recipient by debiting his/her account
  - 8.2.3 apply normal credit control in accordance with the council's credit control policy; and
  - 8.2.4 institute a criminal charge of fraud against the recipient.